

Subpart E—Delegation of Functions

§ 171.50 Delegation to the General Counsel.

(a) The Commission hereby delegates, until it orders otherwise, to the General Counsel or the General Counsel's designee, the authority:

(1) To waive or modify any of the requirements of §§ 171.25, 171.26, 171.27 and to waive or modify any requirement of the part 171 Rules insofar as it pertains to changes in the time permitted for filing, or the form, execution, service and filing of documents;

(2) To enter orders under §§ 171.10, 171.12, 171.21 and 171.31(c);

(3) To decline to accept any notice of appeal, or petition for stay pending review, of matters specified in § 171.1(b) and to so notify the appellant and the registered futures association;

(4) To stay the effective date of a decision of the National Futures Association in a disciplinary, membership denial or registration action, or a decision relating to such actions issued by the Commission pursuant to these rules, for a reasonable period of time, not to exceed 10 days, when such a stay is necessary to allow the Commission to consider a petition to stay the effective date of such a decision or a motion for similar relief;

(5) To decline to accept any document which has not been filed or perfected as specified in these rules;

(6) To determine motions seeking permission to participate in a proceeding under § 171.27 and to establish the related briefing schedule;

(7) To establish briefing schedules under § 171.28; and

(8) To enter any order which, in his judgment, will facilitate or expedite Commission review of a decision by the National Futures Association in a disciplinary, membership denial or registration action.

(b) Within seven days after service of a ruling issued pursuant to paragraph (a) of this section, a party may file with the Proceedings Clerk a petition for Commission reconsideration of the ruling. Unless the Commission orders otherwise, the filing of a petition for

reconsideration will not operate to stay the effective date of such ruling.

(c) The General Counsel or the General Counsel's designee may submit to the Commission for its consideration any matter which has been delegated pursuant to paragraph (a) of this section.

(d) Nothing in this section will be deemed to prohibit the Commission, at its election, from exercising the authority delegated to the General Counsel under this section.

[55 FR 41068, Oct. 9, 1990, as amended at 64 FR 46271, Aug. 25, 1999]

PART 180—ARBITRATION OR OTHER DISPUTE SETTLEMENT PROCEDURES

Sec.

180.1 Definitions.

180.2 Fair and equitable procedure.

180.3 Voluntary procedure and compulsory payments.

180.4 Counterclaims.

180.5 Member-to-member settlement procedures.

AUTHORITY: 7 U.S.C. 6c, 6d, 6f, 6k 7a, 12a, and 21, unless otherwise noted.

§ 180.1 Definitions.

(a) The term *claim or grievance* as used in this part shall mean any dispute which arises out of any transaction on or subject to the rules of a contract market, executed by or effected through a member of that contract market or employee thereof which dispute does not require for adjudication the presence of essential witnesses or third parties over whom the contract market does not have jurisdiction and who are not otherwise available. The term *claim or grievance* does not include disputes arising from cash market transactions which are not a part of or directly connected with any transaction for the purchase or sale of any commodity for future delivery or commodity option.

(b) The term *customer* as used in this part includes an option customer (as defined in § 1.3(jj) of this chapter) and any person for or on behalf of whom a member of a contract market effects a transaction on such contract market,

§ 180.2

17 CFR Ch. I (4-1-01 Edition)

except another member of that contract market.

(Approved by the Office of Management and Budget under control number 3038-0007)

(Secs. 2(a)(1), 4c(a)-(d), 4d, 4f, 4g, 4k, 4m, 4n, 8a, 15 and 17, Commodity Exchange Act (7 U.S.C. 2, 4, 6c(a)-(d), 6f, 6g, 6k, 6m, 6n, 12a, 19 and 21; 5 U.S.C. 552 and 552b); secs. 5(a)(11), 17(b)(10) and 8a(5) of the Commodity Exchange Act, as amended, 7 U.S.C. 7a(11), 21(b)(10) and 12a(5))

[41 FR 42942, Sept. 29, 1976, as amended at 46 FR 63036, Dec. 30, 1981; 47 FR 57020, Dec. 22, 1982; 48 FR 22142, May 17, 1983]

§ 180.2 Fair and equitable procedure.

Every contract market shall adopt rules which provide for a fair and equitable procedure through arbitration or otherwise for the settlement of customer's claims and grievances against any member or employee thereof which shall include at least the following as *minimum* requirements for a fair and equitable procedure:

(a) The procedure shall be objective and impartial. Customers must be provided with the choice of a panel or other decision-maker composed of one or more persons, of which at least a majority are not members or associated with any member of a contract market, or employee thereof, and are not otherwise associated with a contract market. The rules of a contract market may, with proper notice, require the customer to request such a panel or other such decision-maker at the time of submission of the claim or grievance to the procedure. *Ex parte* contacts by any of the parties with members of any panel or other decision-maker shall not be permitted.

(b) The procedure shall grant each of the parties the right, if desired, to be represented by counsel, at his own expense, in any aspect of the procedure.

(c) The procedure shall provide for the prompt settlement of claims or grievances and counterclaims, if any (permitted by §180.4 of this part). Unnecessary or unreasonable delay by any of the parties shall not be permitted.

(d) The procedure shall require adequate notice to the parties and opportunity for a prompt hearing as follows:

(1) Each of the parties shall be entitled personally to appear at such hearing, unless the contract market shall

have adopted a procedure for the written submission of claims or grievances (and any counterclaims applicable thereto) which in the aggregate do not exceed \$5,000. If the claim or grievance (and any counterclaim applicable thereto) in the aggregate does not exceed \$5,000, provision may be made for the claim or grievance to be resolved without a hearing through a submission on the basis of written documents, unless a hearing is required by the panel or other decision-maker or by rule.

(2) The formal rules of evidence need not apply at the hearing. Nevertheless, the procedures established may not be so informal as to deny due process. Each party must be given adequate opportunity to prepare and present all relevant facts in support of the claims and grievances, defenses or counterclaims (permitted by §180.4 of this part), and to present rebuttal evidence to such claims or grievances, defenses or counterclaims made by the other parties.

(3) Each party shall be entitled to examine other parties and any witnesses appearing at the hearing and to examine all relevant documents presented in connection with the claim or grievance, defense or counterclaim applicable thereto.

(4) A verbatim record of the hearing may be required, the cost of which must be reasonable. There shall be no requirement that a verbatim record be transcribed unless requested by a party who shall bear the cost of the transcription, and contract markets shall otherwise seek to minimize the cost associated with such record.

(e) The procedure shall provide adequate notice to the parties in advance of a submission of a claim or grievance, or counterclaim (permitted by §180.4 of this part), of the nature and amount of any fees or costs which may be assessed against customers utilizing the procedure. Fees or costs shall be reasonable, particularly in relation to the complexity and amount of the claim or grievance or counterclaim, if any, presented. Costs may be apportioned among the parties or may be assessed against the losing party as the panel or other decision-maker, in its discretion,